



New York City Council

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Finance Division

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Hearing on the Mayor's Fiscal Year 2011 Preliminary Budget

Law Department

March 15, 2010

Committee on Governmental Operations

Hon. Gale A. Brewer, Chair

Andy Grossman, Deputy Director, Finance Division

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Summary and Highlights

Law Department Financial Summary

Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference, 2010 – 2011*
Personal Services	\$90,449	\$93,695	\$98,457	\$101,827	\$97,400	(\$1,058)
Other Than Personal Services	34,859	38,510	35,054	44,201	34,972	(81)
Table Total	\$125,308	\$132,205	\$133,511	\$146,028	\$132,372	(\$1,139)

* Difference refers to the variance between the Fiscal 2010 Adopted Budget and the Fiscal 2011 Preliminary

- **Tort Reform Savings.** According to the January Plan, recent State legislation closes a tort loophole expected to save the City significant amounts in Judgment and Claims (see page 3).
- **Census Bureau.** According to the Census Bureau's website, "The U.S. Census counts every resident in the United States, and is required by the Constitution to take place every 10 years." The January Plan includes funding to support the activities of the Census Bureau in generating an accurate accounting of New York City's population (see page 3).

Law Department

Under the direction of the corporation counsel, the agency is responsible for acting as attorney and counsel for the city, and each agency and/or individual acting on behalf of the city; conducts all necessary legal business and proceedings; institutes actions in law or equity and any proceedings provided by law in all courts; maintains, defends and establishes the rights, interests, revenues, property, privilege, franchise or demands of the city through the following divisions: appeals, contracts and real estate (leases), tax and bankruptcy, family court, administrative law, pensions, affirmative litigation, workers' compensation, torts, economic development, environmental law, municipal finance, labor and employment law, special federal litigation, commercial and real estate litigation and general litigation.

The Law Department is responsible for more than 90,000 matters annually, and provides legal advice to all City agencies.

Key Public Services Areas

- Represent the City in Litigation and other legal matters involving the City's Interest
- Prosecute crimes involving youth under the age of 16.

Critical Objectives

- Limit the City's liability and assist City agencies to minimize their exposure to lawsuits
- Effectively prosecute juveniles in Family Court.

SOURCE: Mayor's Management Report

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference, 2010 – 2011
Spending						
Personal Services	\$90,449	\$93,695	\$98,457	\$101,827	\$97,400	(\$1,058)
Full-Time Salaried – Civilian	83,580	86,692	90,767	96,268	94,410	3,643
Other Salaried & Unsalaries	4,307	4,452	2,573	2,722	2,722	149
Additional Gross Pay	1,385	1,419	267	267	267	0
Overtime - Civilian	1,198	1,153	1	1	1	0
P.S. Other	(20)	(20)	0	0	0	0
Amounts to be Scheduled	0	0	4,849	2,569	0	(4,849)
Other Than Personal Services	\$34,859	\$38,510	\$35,054	\$44,201	\$34,972	(82)
Supplies and Materials	1,097	1,148	1,245	1,275	1,220	(25)
Property and Equipment	675	736	551	862	524	(27)
Other Services and Charges	14,624	18,006	18,768	19,710	19,275	507
Contractual Services	18,436	18,590	14,472	22,327	13,935	(536)
Fixed and Misc. Charges	\$29	29	18	28	18	0
TOTAL	\$125,308	\$132,205	\$133,511	\$146,028	\$132,372	(\$1,139)
Funding						
City Funds			\$127,769	\$138,035	\$126,504	(\$1,265)
Capital IFA			2,076	2,201	2,201	125
Intra City			3,225	4,673	3,225	0
Other Categorical			437	997	437	0
Federal - Other			5	123	6	0
TOTAL			\$133,511	\$146,028	\$132,372	(\$1,139)
Positions						
Full-Time Positions - Civilian	1,245	1,277	1,298	1,307	1,226	(72)
TOTAL	1,245	1,277	1,298	1,307	1,226	(72)

Performance Measures

	FY 07	FY 08	FY 09	4-Month Actual FY09	4-Month Actual FY10	Target FY11
Tort Cases Pending	28,083	20,084	17,791	18,605	17,716	18,200
Tort Cases Commenced – Citywide	6,260	6,190	6,337	2,085	2,189	*
Tort Dispositions – Citywide	7,857	7,116	6,730	2,068	2,097	6,100
Total Tort Payout Citywide (\$000)	\$534,978	\$554,326	\$570,581	\$173,170	\$131,515	*

Relevant Preliminary Mayor’s Management Report (PMMR) Indicators

According to the PMMR, tort cases pending decreased by 11 percent from Fiscal 2008 to Fiscal 2009. The reduction is due in part to the continuing effects of the enactment of the sidewalk law that transferred liability for certain matters from the City to property owners.

Tort cases disposed decreased by five percent due to a reduced number of matters suitable for early disposition.

The total tort payout increased by three percent in Fiscal 2009 due in large part to the trial/settlement of cases stemming from the October 2003 Staten Island Ferry accident.

January Plan Actions

- **Tort Reform.** The Financial Plan includes the following language regarding the Administration’s support of Tort Reform.

”Each year, the City pays hundreds of millions of dollars in tort claims, at a cost of \$554 million in FY 2008 and \$571 million in FY 2009. Even though the number of judgments and settlements has remained fairly constant over the past five years, costs are increasing due to higher awards. The City supports implementing a cap on non-economic loss damages recoverable from public entities, a threshold that medical expenses must reach before damages may be recovered, reform of the comparative negligence law, and implementation of joint and several liability. These proposals are expected to save the City \$174 million in FY 2011, with additional savings for the Health and Hospitals Corporation.”

- **Tort Reform Savings.** According to the January Plan, recent State legislation closes a tort loophole expected to save the City significant amounts in Judgment and Claims. State legislation now prohibits individuals from filing injury claims from both the insurance company and workers compensation.

The January Plan recognizes that the Law Department will generate savings of \$3 million in Fiscal 2011 increasing to \$9 million in Fiscal 2014.

Performance Measures

	FY 07	FY 08	FY 09	4-Month Actual FY09	4-Month Actual FY10	Target FY11
Referred Cases Filed for Prosecution (%)	5,886	5,489	5,833	1,786	1,736	*
Crime Victims Assessed for Community-based Services (%)	27	28	26	30	30	*
Juvenile Conviction Rate (%)	45.9%	47.5%	49.4%	NA	NA	*

Relevant Preliminary Mayor's Management Report (PMMR) Indicators

According to the PMMR, referred cases filed for prosecution decreased by three percentage points from Fiscal 2008-2009.

Crime victims assessed for community-based services increased by six percentage points due in part to the Department's continued focus on services, including mediation, that seek redress for victims of crime.

January Plan Actions

Revenue PEGs

- **Disposition of City Property.** The January Plan recognizes that the Law Department will collect approximately \$8 million in Fiscal 2010 in additional revenue from the disposition of a city street in Manhattan.
- **Water Board Reimbursement.** The January Plan recognizes that the Law Department will collect approximately \$4.4 million in additional revenue in Fiscal 2010 associated with the prosecution of companies for chemical methyl butyl ether contamination in the City's groundwater well system in and around Jamaica, Queens.

Other January Plan Actions

- **Litigation Funding.** The January Plan recognizes new need funding to support Personal and Other Than Personal Costs to support ongoing litigation against and on behalf of the City.

The January Plan includes funding of approximately \$4.1 million in Fiscal 2010, \$3.1 million in Fiscal 2011 and \$1.3 million in Fiscal 2012, decreasing to \$1 million in Fiscal 2013 and Fiscal 2014. These sums will be used to support contractual and staffing costs.

- **Census Bureau.** According to the Census Bureau's website, "The U.S. Census counts every resident in the United States, and is required by the Constitution to take place every 10 years." The January Plan includes funding to support the activities of the Census Bureau in generating an accurate accounting of New York City's population. Funding in the amount \$608,000 in Fiscal 2010 and \$113,000 in Fiscal 2011 will support the hiring of five people.
- **Charter Revision Commission.** The January Plan includes funding in the amount of \$431,000 in Fiscal 2010 and \$859,000 in Fiscal 2011 to support the Charter Revision Commission.

- **Office of Special Enforcement (OSE) Legal Action Collections.** According to the January Plan, the Law Department provides contractual services to assist the OSE with legal actions resulting from enforcement efforts on adult use locations, illegal clubs, trademark counterfeiting bazaars, and illegal conversions of apartment building into hotels. The January Plan includes funding of \$110,000 in Fiscal 2010 and \$220,000 in Fiscal 2011 and the outyears to support these contractual services.

Appendix A: Budget Actions in the November and January Plans

<i>Dollars in Thousands</i>	Fiscal 2010			Fiscal 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per June 2009 Plan	\$127,769	\$5,743	\$133,512	\$117,234	\$5,744	\$122,978
Program to Eliminate the Gap (PEGs)						
Tort Reform Savings			\$0	(\$3,000)		(\$3,000)
Total PEGs	\$0	\$0	\$0	(\$3,000)	\$0	(\$3,000)
New Needs						
Ongoing Litigation PS/OTPS Needs	\$4,160		\$4,160	\$3,148		\$3,148
Census Bureau	608		\$608	113		\$113
Charter Revision Commission	431		\$431	859		\$859
Total New Needs	\$5,199	\$0	\$5,199	4,120	\$0	\$4,120
Other Adjustments						
Collateral Source Agency Transfer			\$0	\$3,000		\$3,000
OSE Legal Action Collections	110		110	220		220
Collective Bargaining for Managers & Original Jurisdiction	4,930	125	5,055	4,930	125	5,055
Lease Adjustment	27		27			0
Non-City Grants		375	375			0
Non-City Grants (November Plan)		1,751	1,751			0
Total Other Adjustments	\$5,067	\$2,251	\$7,318	\$8,150	\$125	\$8,275
Total January Plan Budget Changes	\$10,266	\$2,251	\$12,517	\$9,270	\$125	\$9,395
Agency Budget as per the January 2010 Plan	\$138,035	\$7,994	\$146,029	\$126,504	\$5,869	\$132,373